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CONSTRUCTION PLANNING AND ECONOMICS

ATTEMPTS AT SOLVING 'SELF-FINANCING' PROBLEMS NOTED

Moscow STROITEL'NAYA GAZETA in Russian 25 Jun 82 p 2

[Article by A. Sheshtakauskas, first deputy minister of construction, Lithuanian SSR: "For Income There Must Be Expenditures"]

[Text] It has now been several years since the Lithuanian SSR's Minstroy [Ministry of Construction], following the example of the Belorussian SSR's Minpromstroy [Ministry of Industrial Construction], introduced self-financing in the branch in an attempt to realize the principle of self-repayment in the construction ministry.

The conditions of the experiment established a special order of payments into the state budget. The total of these payments is determined on the basis of a fixed standard for deductions from the profit at the ministry's disposal, and it is distributed among the subdepartmental organizations and enterprises. The latter make the payments on the spot, in the form of payments for fixed production and working capital, as well as free remainder of profit. The final scale of the payments into the budget from the profits of the ministry as a whole is defined as the sum of the payments according to the composite quarterly and annual balances of the ministry's increasing total.

The changeover to self-financing meant the cancellation of all budget allocations, including those intended for the maintenance of the ministry itself. Profit was divided into two parts: one for the ministry and one for the state. We had to use our part to do the following "work": the payment of percentages for bank credit, the financing of internal construction, the creation of a competition fund, the formation of a unified fund for science and technology and other needs. The ministry also received capital from any above-plan profit, although the standard reduced it by 30 percent. However, if the profit plan was not fulfilled, the planned sum of payments still had to be contributed to the budget. The shortfall of internal working capital caused by this was to be made up for by future income, including incentive funds.

On the whole, the new order is aimed at intensifying personal interest in increasing the profitability of production, increasing profit, and increasing the acceptance by builders of strenuous and realistic plans.

However, we were soon freed from having to make payments into the budget. This turned out to be a matter we could not control: the income we receive is not sufficient to cover our own planned internal economic expenditures. Now, as before, we exist on those same state budget subsidies and self-financing is again a matter for future consideration. Why did we have to "turn around in circles"?

The answer is simple: we were not able to increase the profitability of construction and installation work. In 1970 the expenditures per ruble of work were 90.6 kopecks, whereas in 1981 they were 96.7 kopecks. Some subdivisions remain persistently unprofitable from year to year and have become a heavy burden on the ministry. We do quite a few things wrong, naturally, but that is not where the trouble is.

If order for a construction organization that is carrying out the state plan to maintain itself, quite a few conditions must be fulfilled. The primary ones, which are related to planning and material and technical supply, are clearly defined in the CPSU Central Committee's and USSR Council of Ministers' well-known resolution on improving the economic mechanism. Unfortunately, the outlined measures are being realized in far from the best manner. As before, part of the projects are included in the plan without planning estimates, without the earmarking of start-up complexes, and with a large part of the commodity output being planned for the last quarter of the year. We receive material and technical resources not according to the plans and estimates, but on the basis of obsolete standards per million rubles of construction and installation work.

The load on our subunits is also far from even. For some trusts the amount of work planned stays almost the same, whereas the work planned for others is clearly not within their capabilities. There are also unforeseen expenditures: we have to transport workers over a "gap" of tens of kilometers or support them on projects for a long time.

We also lose quite a lot because of the imperfection of the legal basis for interrelationships with customers and other participants in the construction process. As before, all the blame for failures is laid on the general contractor and the customer, as before, remains beyond the reach of fines and penalties. The time for a directive act to differentiate the responsibilities of customers and contractors for incomplete construction arrived a long time ago. We also cannot close our eyes to the economic paradox engendered by the new credit laws. Here it is: the worse business is for builders, the better it is for Stroybank [All-Union Bank for the Financing of Capital Investments], since it levies increased percentages for projects that are not finished on time.

A new return to payments into the budget requires a reexamination of the very mechanism of profit formation. For self-financing, it is not the percent of completion of a planned project that is important for profit, but the actual size of the profit itself. For us it is far from realistic because of the low profit standard, which is 6 percent of the estimated cost of the construction and installation work. As calculations have proven, the profit norm needs to be raised to 15 percent.

The builders also cannot settle the discrepancy between wholesale and estimated prices for construction and installation work. Although the former are increasing, the latter remain at the 1967 level. Estimated prices must be flexible. It is absolutely necessary to introduce correction factors in them for every change in the wholesale prices for materials and parts, freight transportation tariffs, transport facilities and other factors affecting profit.

It is necessary to solve all of these problems. And the faster it is done, the better. It is time for the builders to stop being dependents of the state budget. They can and must maintain themselves by themselves.

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CONSTRUCTION PLANNING AND ECONOMICS

PROBLEMS WITH CHANGEOVER TO COMMODITY CONSTRUCTION OUTPUT IN TASHKENT DISCUSSED

Moscow FINANSY SSSR in Russian No 7, Jul 82 (signed to press 11 and 17 Jun 82) pp 44-46

[Article by Ye.M. Rodygin, manager, Economic Information Point, Tashkent Oblast Office, USSR Stroybank: "These Problems Must Be Solved"]

[Text] In accordance with the CPSU Central Committee's and USSR Council of Minister's resolution "On Improving Planning and Increasing the Effect of the Economic Mechanism on Improving Production Effectiveness and Work Quality," since 1981 all construction subunits and customers have been converted to calculations of commodity construction output. With the changeover to this type of calculation, customer deposits have been abolished and the incomplete construction production of contracting organizations is formed almost completely because of bank credits. In Tashkent and Tashkent Oblast, most of the organizations subordinate to the republic's Ministry of Construction and Ministry of Specialized Construction and Installation Work, as well as some construction organizations subordinate to Union ministries, were converted to the new form of calculation in 1979-1980. This resulted in a sharp increase in the bank's credit investments in incomplete production.

In 1980, the Tashkent Oblast Office of USSR Stroybank [All-Union Bank for the Financing of Capital Investments] gave out about 1.4 billion rubles of credits for incomplete production of construction and installation work, which is 27 percent more than in 1979. In the first half of 1981, 871.5 million rubles of credit has been extended, which is 49 percent more than for the same period in 1980. The specific share of bank credits in sources for covering expenditures for incomplete construction increased from 14.5 percent in 1975 to 96.5 percent in the first half of 1981. The bank's credit investments in incomplete construction will increase in the future. The conversion of construction subunits to direct bank loans had a fruitful effect on the course and organization of capital construction and the strengthening of payment discipline. Whereas 72 percent of all projects were put into operational use on or ahead of schedule in the first half of 1980, for the same period in 1981 the figure was 98 percent, and the total sum of contracting organization nonpayments was reduced by more than 5 percent during this time.

The expansion of the bank's credit relationships with capital construction presupposes the strengthening of the bank's effect, through the system of percentage rates for loans, on the course of construction, the reduction of project construction time, and the fastest possible introduction of projects into operational use, it being the case that during the planned period of credit utilization it is granted with the imposition of a minimum rate of 0.5 percent, whereas when the date for putting a project into operational use is violated, the rate is increased by a factor of 8 for loans obtained after this date, and if the loan is not paid off on time, the rate is increased by a factor of 20.

In 1980 the contracting construction and installation organizations in Tashkent and Tashkent Oblast paid Stroybank 15.1 million rubles of interest for loans they had obtained, including 6 million rubles for failing to repay them on time. In connection with the increase in credit investments (and for other reasons), in the first half of 1981 alone, more than 7.9 million rubles of interest was recovered from the contracting organizations, including 3 million rubles for overdue loans; the total interest received in 1981 exceeded 18 million rubles. Basically, these payments for on-time and overdue loans for incomplete construction and installation work amount to more than 75 percent of the oblast office's credit investments.

The total interest is included in the organizations' financial plans and is taken into consideration when determining all calculating indicators, including such important ones as the social development fund, the material incentive fund and others. However, the actual payment for credit frequently exceeds the planned figure, as illustrated by the following examples: for the "Uzbekmetallurgstroy" trust--by 37 percent; for Trust No 160--by a factor of 2.4; for the "Uzbekshakhtostroy" trust--by 60.4 percent. This reduces substantially the allocation of means for the organizations' appropriate funds. Therefore, for construction subunits it is important to use bank loans as best as possible, make do with minimum sums and return them on time, which presupposes accelerating the rate and improving the quality of construction and putting projects and capacities under construction into operational use as rapidly as possible and with an economical outlay of labor, material and financial resources. When the construction and financing processes are organized correctly there should be no overdue bank loans on which a 10-percent annual interest rate is imposed. In practice, however, overdue loans for incomplete construction frequently occupy a significant place in the total amount of bank capital owed by contracting organizations. The main reasons for this are incorrect planning of financing and low quality construction.

In accordance with the financing limits, in 1981 a total of 800,000 rubles was allocated for the reimbursement of previous years' expenditures for construction projects in Tashkent and the oblast, instead of the 111 million rubles that had been determined as the proper amount by economic calculations. The largest factors in this was the underpayment of means for the repayment of creditor obligations for the Tashkent Gorispolkom's GUKS [Main Administration of Capital Construction] (23.5 million rubles), the "Elektrokhimprom" production association in Chirchik (6.1 million rubles), the Uzbek Metallurgical Plant imeni Lenin (3.6 million rubles) and the Almalyk Mining and Metallurgical Combine imeni Lenin (1 million rubles). Thus, the loans extended to contracting organizations for the formation of expenditures for incomplete construction in 1980 turned out not to be guaranteed capital from customers and in 1981, when the work was completed and the projects turned over for operational use, became overdue. Having reached its yearly financing limit, on 1 December 1981 the Tashkent Oblast Office of Stroybank did not assure customer capital intended for calculations with contracting organizations upon completion of work and presentation for payment of accounts in the amount of 109 million rubles. For this same reason, the plan for the accumulation of customer capital was also not fulfilled in 1980.

According to the existing regulation, projects and structures on which construction is completed are included in a report about their introduction after the signing and confirmation of acts by the State Committee for the Acceptance of Projects for Operational Use. The customer and the contractor report on the introduction of a project into operational use, the expenditures for it are eliminated from the list of incomplete construction and construction production, and the bank recovers completely the credit extended for the given project. However, projects are frequently accepted with numerous and extremely substantial defects. The contractor does not present a bill for the completed work, the customer does not pay for it until all the defects are eliminated, and at times they are not eliminated for a very long time. If the bill is not presented to the bank and paid in the regulation 5-day period after the project is turned over for operational use, the amount of credit extended to the contracting organization is placed on the overdue loan list either completely or partially, depending on the status of the contractor's account. On 1 January 1981, because of defects, bills for completed and released construction and installation amounting to more than 6 million rubles had not been presented for payment, and for the first half of 1981 this figure rose to 25 million rubles. As a result, the overdue indebtedness of contracting organizations to the Tashkent office of Stroybank was 27 percent more on 1 July 1981 than it had been one year earlier.

The elimination of defects on released projects and the presentation of bills for payment is sometimes dragged out for a long time, during the course of which projects and capacities are not functioning for all practical purposes. For example, it took the "Uzbekmetallurgstroy" trust the following amounts of time to eliminate defects in projects that were turned over in 1980: 80 days for the steel enameled ware shop at the Uzbek Metallurgical Plant; 169 days for the vegetable storehouse combine; 28, 160 and 195 days for three residential buildings in Bekabad; 120 days for the music school's annex. There are systematic delays (of up to 60 days or more) in the elimination of defects and presentation of bills for payment for completed work by the organizations of Glavtashkentstroy [Main Administration for Housing and Civil Engineering Construction in Tashkent] on projects carried out for the Tashkent Gorispolkom's GUKS. It would have been advisable to regard as realized and report on the introduction for operational use only that construction output for which payment had been received from the customer; that is, to spread to capital construction the principle of realization of commodity output that is now in effect in industry, agriculture, commerce, domestic services and other branches of the national economy. This would have contributed to a considerable improvement in the quality of construction work.

Unfortunately, the increase in incomplete construction production and the corresponding increase in loan indebtedness and the amount of interest paid depend not only on the overall increase in the amount of capital investments and the limits of construction and installation work. Here a large negative role is played by incorrect planning of capital investments, dissipation of means over numerous projects, and nonobservance of the standard or even planned duration of construction work. On 1 January 1981, in Tashkent and the oblast there were 93 construction projects with both standard and planned completion dates that were long gone. The total estimated cost of these construction projects was 129 million rubles, while the amount of capital "frozen" in incomplete construction was 129 million rubles, of which about 95 million rubles were contracting organization expenditures, extended by the bank, for incomplete production of construction and installation work. Despite this, capital for the completion of many of the projects was not allocated in

1981, either. Construction periods are not extended only because of incorrect planning and untimely and incomplete provision of construction projects with planning estimates, equipment and materials. There are other reasons that depend on the customer. In such cases it is advisable to recover the total interest for on-time and overdue loans accumulated by the contracting organizations for incomplete construction production from the real guilty parties; that is, the customers.

Under the existing order of calculations for commodity construction output, the general contracting organization, in the course of working on a project until it is introduced into operational use, reimburses the subcontracting organizations' expenditures for completed special or installation work (in addition to work done for the installation of the basic technological and power equipment, which must be finished simultaneously with the release by the general contractor of the completely finished project). Subcontracting organizations' expenses during the course of construction are usually reimbursed by bank loans extended to the general contractor, which increases his loan indebtedness for incomplete construction and the amount of interest he pays for the loan. The longer the loan is used, the more interest is paid. For loans obtained for payments to subcontracting organizations in 1980, the following amounts of interest were paid: 54,000 rubles (23 percent of the total amount of interest) by the "Uzbekmetallurgstroy" trust; 158,000 rubles (35.6 percent) by Trust No 160; 17,000 rubles (8.6 percent) by the "Uzbekshakhstroy" trust. As it turns out, the better and faster the subcontractor turns over his completed work, the worse it is for the general contractor, since the increase in the period of credit utilization also increases his loss in the form of interest to the bank for its extension of credit for the payment of subcontracted work that the customer reimburses him for only when the project is completely finished.

In our opinion, which is shared by many workers in the financial, economic and accounting services of contracting organizations, loans extended to general contracting organizations for payments to subcontractors during construction should be interest-free. This is all the more correct since, in turn, the subcontracting organizations received loans for this work at the cheapest rate; that is, 0.5 percent annual interest if the planned date for the completion of the work is observed and 4 percent for loans obtained after that date. Capital received from the general subcontractor is used to pay off these loans, so--as a rule--subcontracting organizations have no overdue loans for incomplete production. Many problems are undoubtedly arising in the process of improving the economic mechanism, production effectiveness and output quality. Their successful solution with facilitate the further development and strengthening of socialist economic principles in all spheres of the national economy, including capital construction.

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CONSTRUCTION PLANNING AND ECONOMICS

CAUSES OF LACK OF PROFITABILITY IN CONSTRUCTION WORK EXAMINED

Moscow FINANSY USSR in Russian No 7, Jul 82 (signed to press 11 and 17 Jun 82) pp 47-49

[Article by G.M. Siluanov, deputy chief, Construction Financing Administration, USSR Ministry of Finance: "On Reserves for Increasing Profit in Construction Organizations"]

[Text] In the decisions of the 26th CPSU Congress and the "Basic Directions for the Economic and Social Development of the Nation From 1981 to 1985 and in the Period Until 1990," USSR ministries and departments are assigned the tasks of increasing the economic effectiveness of public production, accelerating scientific and technical progress, and increasing labor productivity and production profitability through its intensification and the better utilization of material, labor and financial resources. In 1981 the resolution "On Intensifying Work on the Economy and the Rational Utilization of Raw Material, Fuel, Energy and Other Material Resources" was adopted. In the light of this, an examination of the actual state of affairs as regards the implementation of measures aimed at rationalizing construction production and making it cheaper is a matter of interest. In August and September 1981, financial agencies analyzed the causes of the rise in the production cost of contractual construction and installation work and the formation of nonproductive expenditures in the construction organizations of USSR Minsel'stroy [Ministry of Rural Construction], USSR Minpromstroy [Ministry of Industrial Construction] and Mintransstroy [Ministry of Transport Construction].

As report data and materials gathered during checks show, many construction organizations did not reorganize their work for the purpose of improving production efficiency and strengthening the economic regime, but are continuing to use raw materials, materials, fuel and equipment irrationally, are overspending wage funds, and are allowing nonproductive expenditures and losses. Measures to improve the profitability of construction and installation work are not being implemented and the number of unprofitable organizations remains significant. This is indicated quite clearly by data on the fulfillment of assignments to reduce the production cost of construction and installation work and the profit plans in the ministries of rural, industrial and transport construction.

Instead of the envisaged profit plan, Minsel'stroy's construction organizations incurred losses in 1981. About half of all this ministry's organizations are unprofitable. Minpromstroy's construction organizations also could not manage to fulfill the profit plan. For the ministry as a whole, only 6.6 percent of the plan was fulfilled, and in organizations of Union subordination losses were allowed instead of the envisaged profit plan. About half of the construction organizations operate unprofitably. For Mintransstroy's construction organizations the plan fulfillment level was much higher, but even so many of its organizations still suffered a loss.

One of the basic causes of nonfulfillment of the profit plan and unprofitable activity is a rise in the price of the planned production cost of completed construction and installation work. In 1980 about 60 percent of Minsel'stroy's organizations exceeded the planned costs of construction production, whereas in Minpromstroy and Mintransstroy more than 40 percent of them did. The number of such organizations increased in the first half of 1981 in comparison with the corresponding period in 1980.

Investigations reveal that the excessive expenditures in the production cost of construction and installation work are basically the result of nonfulfillment of production plans, mismanagement in the use of materials, designs, wage funds and construction equipment, defects in the organization of and preparation for work, lengthening of the duration of construction periods, and unsatisfactory material and technical supply. In Minsel'stroy and Minpromstroy about 40 percent of their construction organizations did not fulfill the plan for construction and installation work, which resulted in a relative increase in fixed constant expenditures. Of the 48 of Minsel'stroy's mobile mechanized columns (PMK) that were investigated, 42 were not able to fulfill the plan in the first half of 1981, and for Minpromstroy the figure was 17 trusts out of 21.

Most of the investigated construction organizations did not fulfill the plan for the introduction into operational use of production capacities and projects, which entailed nonfulfillment of the commodity construction output plan and, as a consequence, the profit plan. For instance, in the first half of 1981, PMK-390 of RSFSR Minsel'stroy's "Kostromaoblsel'stroy" [expansion unknown] administration introduced into operational use only one project out of the five stipulated in the plan, and "Novgorodsel'stroy's" [expansion unknown] PMK-1294 trust introduced only one out of six. Minpromstroy's "Astrakhanpromstroy" [expansion unknown] trust failed to introduce into operational use almost all of the projects stipulated by the 1980 plan. Mintransstroy's "Tyumenstroyput'" [expansion unknown] production construction and installation association failed to introduce 17 projects for operational use.

The planned production cost was exceeded for all expenditure items in the investigated construction organizations. The greatest rise in production cost was allowed for overhead expenses, materials and the workers' basic wages. For Minpromstroy's trusts, the overexpenditure above planned production costs for construction and installation work was 22.6 million rubles in 1980 and the planned expenditures for materials, basic wages, equipment and machinery operation and overhead were exceeded. In the first half of 1981 the actual expenditures for these items also turned out to be more than those stipulated by the plan. The situation is analogous in the Mintransstroy construction organizations that were checked.

In connection with the increase in expenditures for materials, in many cases the rise in the production cost of construction and installation work is related to gross violations in their registration and storage, an increase in cost in connection with additions of volumes of motor vehicle transport shipments, large outlays of materials for the correction of defective work and the elimination of defects on projects that have been turned over for operational use, and the replacement of materials with more expensive ones. Large monetary and material means were expended in the first half of 1981 for the elimination of defective work and the alteration of poor quality completed work in the Mintransstroy and Minpromstroy trusts and construction administrations that were checked. In the PMK's belonging to the Ukrainian SSR's Minsel'stroy that were checked, the additional outlay of materials for the correction of defective work and the cost of alterations amounted to 15,000 rubles.

The construction organizations had large expenditures for projects turned over for operational use in past years. This applies above all to the "Tyumenpromstroy" [expansion unknown], Omsk No 2 and Bryansk house-building trusts. In the Mintransstroy organizations that were checked, the rise in planned production costs for this reason amounted to 118,300 rubles. In six organizations belonging to the Ukrainian SSR's Minsel'stroy that were checked, the value of the list of materials for projects turned over for operational use before the year under review was 29 percent of the total overexpenditures for materials; in the first half of 1981, these expenditures reached 85,200 rubles for only three PMK's.

One of the most widespread reasons for the rise in the cost of construction and installation work is the replacement of materials stipulated in the estimate by more expensive ones. As a rule, this involves materials that do not correspond to the stipulated production work technology. Here we are talking primarily about metal, cement and lumber. For instance, in the "Tyumenpromstroy" trust in 1980, the sum of the excessive production cost for the item "materials" was 122,000 rubles because of this, whereas in the Bryansk house-building trust it was 60,000 rubles and in Minpromstroy's Sochi Trust No 1 it was 24,000 rubles. There was an analogous situation in the Mintransstroy organizations that were investigated. As a rule, this occurs where proper monitoring of the consumption of materials is lacking. In Minpromstroy's "Drogobychpromstroy" and "Prikarpatstroy" [expansions unknown] trusts there have been instances of registration of amounts of materials above the established norms. In the Moldavian SSR Minsel'stroy's PMK-102, in Bul'boki, above-norm materials amounting to 28,100 rubles have been registered. In the first half of 1981, large amounts of means were registered for materials that were expended above the established norms by the same ministry's PMK-71, in Kotovsk, as well as by "Volgodongidrostroy" [expansion unknown] trust's Construction Administration No 440. Materials for completed work that were not stipulated by the estimate have been registered, which was confirmed by checks made at Minpromstroy's Trust No 2's Construction Administration and at the "Prikarpatstroy" trust.

Additions to freight shipments, which also increases expenditures for materials being acquired, are allowed in many of the organizations that were checked. For instance, in the "Astrakhanpromstroy" trust's Construction and Installation Administrations Nos 7 and 10, excessive expenditures for "materials" amounted to 52,300 rubles in 1980 because of additions, whereas in the "Tyumenpromstroy" trust the figure amounted to 877,000 rubles and in five RSFSR Minsel'stroy PMK's it was more than 130,000 rubles. Spot checks established that commodity transport overhead expense reports are filled out carelessly, the times of arrival and departure and the loading time are not indicated, and the distance of the shipment is not indicated in many accompanying documents. As a result, individual drivers are paid for working hours that add up to more than a day.

The significant rise in the production cost of contractual construction and installation work and the unprofitable activity of contracting organizations are related to nonfulfillment of the task of increasing labor productivity, the outstripping increase of the workers' average wage in comparison to the growth in output and, as a consequence, overexpenditures of wage funds. Of the organizations that were checked, 16 Minpromstroy and 8 Mintransstroy trusts permitted overexpenditures in 1980; in the first half of 1981 the same thing applied to 10 Minpromstroy and 7 Mintransstroy trusts.

Wage fund overexpenditures were also affected by the presence of an above-plan number of production personnel, payments for work alterations and the elimination of defective work, work done on days off and holidays, and additional payments to workers of up to their average wage in connection with their utilization out of their specialties. In 1980 the "Mosmetrostroy" [expansion unknown] trust employed 1,292 workers, engaged in construction and installation and auxiliary production work, above the limit; in the first half of 1981 this figure had increased to 2,691. The presence of an above-plan number of workers has also been established for the "Chernomorgidrostroy," "Kievdorstroy," "Tyumenstroyput'" and "Sredaztransstroy" [expansions unknown] trusts.

For the Ukrainian SSR Minsel'stroy as a whole, there was an overexpenditure of 12.6 million rubles for the wage fund in 1980, with the figure for the first half of 1981 being 4 million rubles. In the 14 PMK's of this ministry that were investigated, excessive wage payments for the last year of the 10th Five-Year Plan amounted to 434,300 rubles; the figure for the first half of 1981 was 214,400 rubles. Such payments are the result of auxiliary work not stipulated by the work estimate, work done to eliminate defective work, payments for worker idle time and so on. In connection with the performance of nonproductive work related to the preparation of projects for release for operational use, the Ukrainian SSR Minpromstroy's "Drogobychpromstroy" trust overspent 130,000 rubles in 1980. For work not provided for in the planning estimate, these trusts' [sic] workers received 36,500 rubles of wages. Alterations caused by a change in the work production plans during construction caused the "Cherkasskhimstroy" [expansion unknown] trust to spend an additional 49,500 rubles from the wage fund. In 1980 in this trust, an above-plan number of workers, overtime work and work done on days off resulted in a wage fund overexpenditure of 62,100 rubles.

The materials gathered during the investigations showed that the level of utilization of construction equipment is low in many organizations. As a rule, machines and other equipment are operated for one shift and additional volumes of work and considerable idle time are allowed, which--in turn--is caused by the absence of a work front and building materials and structural parts; in addition, many machines spend an above-plan amount of time being repaired. In 1980 Minsel'stroy permitted equipment operation costs to exceed the planned cost by 13.4 million rubles; the figures for Minpromstroy and Mintransstroy were 13.1 and 4 million rubles, respectively. Large above-plan expenses for equipment operation are related to violations of the planned construction period. For instance, in 1980 the "Kostromsel'stroy" administration's PMK-251 spent an extra 10,800 rubles for equipment maintenance because of nonadherence to the planned construction periods for its projects. For example, the construction of a 100-apartment building should require the use of a KB-100 tower crane for 6 months, whereas in fact the crane stood there for 18 months on this project. Equipment idle time because of the lack of a work front in subunits of Mintransstroy's "Kaztransstroy" [Trust for the Construction of Transportation Facilities in the Kazakh SSR] led to a rise in production costs of 133,000 rubles.

The investigations showed that in some trusts and primary construction organizations there are no approved estimates of overhead expenses, which makes it difficult to monitor planning and the utilization of means. Because of an increase in overhead expenses, in 1980 the construction organizations of USSR Minpromstroy, USSR Minsel'stroy and Mintransstroy exceeded their planned expenditures for construction and installation work by 100.8, 78.1 and 61.4 million rubles, respectively. Planned overhead expenses were also exceeded significantly in the first half of 1981. In the Mintransstroy organizations that were checked, excessive expenditures for the maintenance of housing and municipal services in line construction led to a rise in production cost for the item "overhead expenses." Large amounts of means were overspent in the "Tyumenstroyput'" association, the "Pechorstroy" [expansion unknown] construction administration and subunits of "Kaztransstroy."

The construction organizations allowed significant losses and nonproductive expenditures that were basically the result of nonfulfillment of production plans and the profit plan. This leads to deterioration of payment discipline and large losses in connection with the payment of fines and penalties for late payment of supplier's bills and violations of economic agreements. In 1980 the nonproductive losses and expenditures reached 75.8 million rubles for Minsel'stroy, and for Minpromstroy and Mintransstroy the figures were 76.7 and 44.7 million rubles, respectively. Fines and penalties for late payment of suppliers' bills and in connection with violations of economic agreements account for the greatest percentage of nonproductive expenditures. The introduction in the construction industry of a new volumetric indicator--commodity construction output--has not yet had the expected effect. As was the case previously, the introduction into operational use of production capacities and construction projects lags substantially behind the plan, which affects the entire system of economic indicators for the work of contracting organizations and their financial status.

The results of the investigation conducted by the financial agencies showed that in many construction organizations the level and effectiveness of production and economic work is quite low. The construction ministries and the organizations subordinate to them should take effective measures to eliminate existing defects in their work and insure the fulfillment of assignments for reducing production cost of construction and installation work and the profit plan. In order to do this it is necessary to increase the responsibility of the economic services on all levels of administration for the observance of the most rigorous regime of economy and concern in all sectors of construction production, improve the utilization of materials and fuel, energy and raw material resources, reduce raw material and material waste and losses in all stages of their processing, storage and transportation, and raise the level of utilization of construction machinery and equipment. There should also be order in the organization of production, which will make it possible--without additional expenditures--to increase labor productivity and use the wage fund economically.

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NEW BANK PROCEDURES ALLEVIATE CONSTRUCTION BOTTLENECKS

Moscow PRAVDA in Russian 14 Sep 82 p 2

[Article by B. Grechko, chief of Glavkievgorstroy, and G. Khmel'nitskiy, director of the Ukrainian office of Stroybank USSR: "To the Bank for Credit"]

> [Text] Each time that Stroybank personnel inspected construction projects, they noted that brigades of Glavkievgorstroy were frequently idle because of a shortage of structural elements, while stocks of these items on the whole at sites of the main administration were greatly above norm. Shortage in the presence of a surplus.... How does it happen? It did not take long to find an answer.

We know that plants fabricating structural elements do not always supply them in the sequence required for observance of the technology of construction work. It is more advantageous for plants to readjust production less frequently: the fact is that it means additional labor outlays and reduction of volume. In a word, damage to the plan in which the chief role is played by depersonalized cubic meters and rubles rather than by the product mix. For that reason, it happens that they first bring floor slabs to the construction site and only later foundation structural elements, although it should be done the other way around.

In order to attain this "other way around" in practice, they once decided to introduce a procedure: to plan deliveries to plants not in the form of separate items but in the form of sets. But it did not work out, as this idea was not buttressed by economic measures. Financial relations between producers and users were arranged in such a way that the former always had loopholes to get money in full, even if deliveries were made disconnectedly.

In addition to economic reasons for lack of coordination, there were also organizational ones. The construction people work according to week-day schedules, but industrial enterprises do so according to quarterly plans. That is, builders might need this or that item immediately, at the beginning of the quarter, while a plant might make it toward the end of the quarter and consider that it has fulfilled its duty. The brigades in this interval had no work to do.

The builders blame the plants, the latter--the builders: you are late in providing requisitions, you do not prepare yourselves earlier for starting work. In a word, there were many reciprocal complaints. There could be only one conclusion: traditional methods of supply and sale have come to be a hindrance; they interfere with timely startup of facilities.

In order to radically change the situation, they decided to create in the main administration a special subdivision of production-technological equipment. Its job is to tie in the needs of builders with the possibilities of industrial enteprises to provide synchronous deliveries of items in strict conformity with schedules of construction-installation work. And to see to it that financial settlements between partners are carried out solely for a set of items.

Such a restructuring turned out to be all the more necessary because the subdivisions of the main administration undertook the evaluation of work relating to commodity construction products. In this instance, the material well-being of the contractors significantly depends on timely turning over of facilities.

The Kievgorstroykomplekt Equipment Trust, set up in the main administration, acts as the only purchaser of products of all the administration's industrial enterprises and at the same time as the sole supplier of these products to construction organizations. It has become a connecting link for hundreds of facilities under construction, 15 plants and 8 motor-transport enterprises. Its personnel determine the need for structural elements and parts, plan and arrange for their delivery to construction sites.

After an analysis of the methods of leading collectives, particularly of builders in Estonia, the main administration worked out two kinds of sets of structural elements--plant and technological. The first includes a selection of items that must be delivered to this or that plant. The technological comprises the sum of plant items; it consists of an aggregate of construction structural elements and products required for the building, for example, of a floor or section.

But to time the sets is not too difficult a matter. It is important for enterprises of the construction industry to precisely put out in a planned period those products which are needed at a given moment. Formerly everything came out fine on paper, but in practice structural elements were produced unsystematically in a way that was convenient for the plants.

The bank proposed, and the main administration agreed, to include economic levers in this. Settlements between plants and the equipment trust, between it and builders were to be made only after delivery of the entire set of items. The sending of "loose items" to sites of whatever may be found at a plant and which are not needed by builders at the time in no way adds to the plan. At the present time Stroykomplekt does not pay for bills rendered by fabricating enterprises where they violate delivery conditions.

Formerly payment for structural elements and parts unloaded by fabricating plants at construction sites was postponed as a rule to the end of the month. The payers--construction organizations as well as the equipment trust--literally laid seige to the bank for two-three days to the end of the month with requests to issue to them non-plan payment credit. Otherwise the plan of product sales at the plant would be considered unfulfilled. These credits, which had not been designated beforehand, had the character of one-time payments. All this complicated the financial position both of the equipment trust and of supplier plants. But the main thing is that the system is not directed at the timely and full equipment of a facility and thus has resulted in breakdowns of making facilities operational. And when there is no startup, clients do not turn over money to builders; the latter are unable to return credits to the bank, as a result of which so-called "overdue loans" at different times have amounted to more than 5 million rubles for Kievgorstroykomplekt Trust.

Taking all this into consideration, the bank together with Glavkievgorstroy developed a new procedure of credit extension for deliveries. In place of one-time non-plan credit, which was intended for the payment of each plant delivery regardless of whether the technological set had been put together or not, we introduced plan credit. Its size is determined according to times of fulfillment of orders, the cost and quantity of technological sets. The equipment trust gets this credit for settling with fabricating plants throughout the entire delivery period. Construction organizations settle accounts with the equipment trust only after they have received the entire required set of structural elements. The payment for this type of credit is incidentally two-thirds smaller than formerly.

The effectiveness of the new method of credit extension is confirmed by the following examples. In 1981, when settlements were made according to the old system, materials for the construction of a school on Bereznyakovskaya Ulitsa were received over the course of a whole year and the supplying of prefabricated concrete was completed only in July, that is, one month before the school was to become operational. This brought on crash work at the time of finishing work. Furthermore, after completion of the work there remained at the site 150 cubic meters of extra reinforced concrete structural elements, which had to be moved to other projects. But in 1982, when credit extension and settlements began to be made for the full technological set, the similar construction of a school at Obolon had been completely supplied in 10 months; it was finished in May with full absence at the project of "nonliquids" [unused materials). Today there are many such examples.

The new procedure disciplines not only the enterprises of the construction industry but also builders. At construction-installation administrations, trusts and the main administration, they began to more carefully do engineering preparations of production and planning of operations for the immediate future. It is no accident that remains of prefabricated concrete at construction sites have dropped in one year by more than 10 percent while the volume of completed work, on the contrary, rose.

The introduction of the new procedure of planning of deliveries, credit extension and settlements and evaluation of the work of contractors for commodity products help to erect more quickly housing, schools and other facilities and to curtail unfinished production. Whereas throughout the 10th Five-Year Plan

Glavkievgorstroy failed to fulfill its start-up program, since 1981 the picture has changed. Given a target of a .5 percent growth of labor productivity, it actually has grown 3.4 percent at the main administration.

The gain would have been more significant if enterprises of the construction industry and builders had been provided with precision and full volume with metal, cement and other materials. There are still many defects in the work of the contractors themselves. Preparations for starting of work are not always conducted at a high level and the desire for "advantageous" expensive work has not been totally eliminated as can be seen by the fact that there are many facilities at the main administration whose normative and planned periods of construction have passed. Bank specialists strengthen business contacts with builders and try to see to it that credit, financial levers—in a word, the ruble, as provided by the decree of the CPSU Central Committee and the USSR Council of Ministers on improving the economic mechanism, operate in full force.

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CONSTRUCTION BOOM IN KAZAKHSTAN CONTINUES

Moscow STROITEL'NAYA GAZETA in Russian 26 Sep 82 p 2

[Article by A. Bektemisov, chairman of the Kazakh SSR Gosstroy: "The Lavish Fruits of Friendship"]

[Text] Our Kazakhstan...it is not only the native inhabitants that speak that way today. The immense republic has become home and close to thousands of people who live in all corners of the country. Indeed, in many ways it is due to this friendly connection that the Soviet Kazakhstans' space flight became possible.

The virgin soil, the hero which is known throughout the world through the book by comrade L. I. Brezhnev, became an important stage in the republic's development. Construction is rightfully called the republic's second virgin soil.

The comparison is not coincidental. Let's examine the past--about 2,700 small homes with a total floor space of 60,000 square meters were erected in the entire huge territory of Kazakhstan in the years between 1906-1910. These miserly scales cannot in any way be compared not only with the present day but even with the past--already by the twenties 96 million rubles of capital investments were directed toward the development of the republic's national economy. Today Kazakhstan's builders use such a sum in a day while that was quite substantial for the country's economy then.

The traditions that were laid down at the dawn of Soviet power are alive today as well. The scale of achievements has grown immeasurably. Kazakhstan became a large industrial region and at the same time one of the primary granaries in the USSR but the friendship and mutual assistance of the fraternal peoples in the country determines our development, as before, in many ways.

Capital construction has reached an unprecedented scope in the republic during recent years. It became one of the leading sectors in the national economy. During the last five-year plan alone capital investments amounted to 38 billion rubles and during the current one they will be increased by yet another 5 billion. The powerful detachment of construction workers numbering hundreds of thousands of people actively contributed to the formation of new and the further development of traditional sectors of industry--petroleum, chemical, coal and ferrous and non-ferrous metallurgy. New cities appeared on the map--Zhanatas, Novyy Uzen', Zhayrem, Stepnogorsk..."Urban construction became one of the most vivid signs of the stormy growth of the republic over the last decade"--writes D. A. Kunayev, first secretary of the Central Committee of the republic's communist party, in his book "SOVETSKIY KAZAKHSTAN." "In 1940 the housing fund of urban-type dwellings in cities and villages did not even amount to 10 million square meters. Now it is approaching 100 million. Every year more than six million square meters of housing are turned over for use, on the average."

The development of the Pavlodar-Ekibastuz territorial production complex eloquently speaks of the scale of achievements. The capacities of open coal pits are continuously being expanded here where more than 70 million tons of hard fuel are now being mined. GRES-1 became operational and construction of the second station is going on at a fast pace. A large petroleum refinery and the Yermak ferroalloy plant became operational in the region, and production was expanded at tractor, aluminum and chemical plants. Today this territorial production complex occupies an important place in the economy of not only Kazakhstan but also the entire country. Such striking changes occurred in other regions of the republic having fundamentally changed its industrial appearance.

At the same time much effort is being directed toward the development of the village. The fact that the concept of "agricultural construction" appeared in Kazakhstan comparatively recently--when virgin and fallow land began to be developed--should be emphasized. L. I. Brezhnev writes in his book "Virgin Soil": "Our report to the CPSU Central Committee about what was at the disposal of the republic when we set about taming the virgin soil has been preserved. Efforts were scattered; more than 30 small capacity construction organizations were under the jurisdiction of various ministries and departments. Altogether they had 59 concrete mixers, 6 tower cranes, 58 carriers, 5 fork lifts and just 5,700 workers."

That is the way it was. Yet today there are 40 trusts armed with the most modern technology, several large agricultural construction combines, and reinforced concrete components plants in the Kazakh SSR Ministry of Agricultural Construction's system. Large grain elevators, livestock breeding complexes, mixed feed plants and other enterprises for processing agricultural products are at the disposal of the workers in the sector.

These successes would have been impossible without operative solutions to the problems of scientific and technical progress, improving labor organization and adopting the achievements of advanced science and practices in production. It is no coincidence that the Kazakhstan Communist Party Central Committee continuously directs the workers in the sector toward this and gives much attention to measures for realizing capital construction plans, improving organization and management and strengthening the construction industry base.

The achievements of builders are based on the achievements of scientists and designers. Kazakhstan specialists have had considerable success in creating new advanced structural components for seismically active regions. High-rise buildings made of monolithic keramzit concrete using efficient types of formwork have appeared in Alma-Ata, Chimkent, and Dzambul. New structural and spatial planning approaches to large panel housing units are being adopted in mass construction everywhere. Efficient materials are being created, the basis of which are supplementary products for industrial production and local raw materials. Various systems of seismically protecting structures have been worked out.

Our know how has been noticed. The results of much scientific research by Kazakhstan specialists are reflected in all union standards and are being adopted on a broad scale from the western regions of the country to Kamchatka. In many ways this has become possible due to the close collaboration between the chief and leading scientific research organizations of our fellow republics.

Such cooperation also has old roots. Already in 1934, on the initiative of S. M. Kirov, specialists arrived in Kazakhstan from Moscow and Leningrad who rendered invaluable assistance in forming design and estimate work. And now 180 design and research organizations are operating in the republic. More than 40,000 people who are provided with modern equipment, devices and computer technology are employed by them.

This makes it possible to conduct work on a high professional level, which had an effect on such cities as Karaganda, Shevchenko, Balkhash and Stepnogorsk, the authors of the designs for building them having been awarded the USSR State Prize and the Kazakh SSR Prize. The republic's capital acquired a unique appearance, to the development of which Muscovites made their contributions. In particular we are actively using their know how which was accumulated during erection of the international trade center. For the first time in large panel housing construction practice a nine-story housing unit with contact support for the interior wall panels was adopted in mass construction in the city. This provided an improvement in the seismic stability of the building and good economic indicators. Specialists of the TsNIIETT [Central Scientific Research Institute of Experimental Design] for Housing took an active part in this work.

The know how of designers and builders in Kishinev, Vilnius and Mineral'nye Vody is being extensively used in Kazakhstan. It is precisely this that aided in adopting monolithic housing units with 9 and 12 stories into practice which were erected using flying forms, massive adjustable formwork and large panel formwork. In turn Kazakhstan workers generously shared their accumulated knowledge with their fellow Kirghiz workers, and rendered technical assistance to them--the first such homes in Frunze were built according to a design by Alma-Ata architects. Our know how is also being used in Georgia, Armenia, and republics in Central Asia. It is no accident that Kazakhstan became the place where the International Congress for Spatial Structural Components took place and where the All-Union Conference on Problems of Reducing Material Consumption in Seismically Resistant Construction is now taking place in Alma-Ata.

The creative links between the builders in Kazakhstan with other republics in the Country of the Soviets are not exhausted after the examples given. They are broad and multifaceted. For example, the industrialization of agricultural housing construction, having its own specific characteristics (Kazakhstan's huge spaciousness and poorly developed network of railroads and highways) presents the sector with a difficult problem. And here again friends have come to the rescue. In collaboration with LenZNIIEP [Leningrad Zonal Scientific Research Institute of Experimental Design] for example, the series "126" designs were created for farm-type housing units. The technical assistance that was rendered by the collective of this institute was not limited to recommendations on the design work. It also extended to the technology for the preparation of component parts in the housing units.

In turn, the builders of the republic do not remain off to the side from the troubles with which the country lives. Therefore, they actively responded to the party and government resolution concerning the development of the Non Chernozem--by the end of the five-year plan 17,400 square meters of housing will be put into use in Permskaya oblast. Kazakhstan is also making its contribution in the development of the petroleum regions of Western Siberia where housing settlements, an industrial base and highway are being created. Our construction workers will also make their contribution to BAM [Baykal-Amur Main Railroad Line]--a detachment of Kazakh BAM construction workers is working here.

New frontiers were set before Kazakhstan builders during the 60th Anniversary of the formation of the USSR. The resolutions of the May (1982) Plenum of the CPSU Central Committee and the USSR Food Program approved by it promoted responsible tasks for the sector workers. The Central Committee of the Kazakhstan Communist Party is orienting us toward their absolute completion, the start up of the scheduled structures on time and toward a complete approach to the problems of construction production.

Kazakhstan builders have learned to work well and value the friendship of colleagues from other republics, to arm themselves with their advanced expertise and to generously share their own. In this is the chief guarantee of new labor achievements. A bird's strength is in its wings, man's strength is in friendship--so says Kazakh folk wisdom.

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EXPERTS DISCUSS INDUSTRIAL RECONSTRUCTION

Moscow PROMYSHLENNOYE STROITEL'STVO in Russian No 9, Sep 82 pp 24-26

[Article by Doctor of Economic Sciences, Prof L. M. Chistov of the Leningrad Engineering Economics Institute imeni P. Togliatti, Candidate of Economic Sciences N. I. Chikovskiy from the Northwestern Affiliate of the Central Economics Scientific Research Institute under the RSFSR Gosstroy and Engr M. D. Kostyuk of Leningrad Construction Engineering Institute: "Basic Directions for Increasing the Pace and Effectiveness of Reconstruction on Existing Industrial Enterprises (As a Point of Departure for Discussion)"]

[Text] Over the last decade, there has been a trend to increase the share of capital investments going into the reconstruction of existing industrial enterprises. Thus, for the nation as a whole in 1979, this share reached 54 percent. In Leningrad industry it was 56.6 percent.

However, this trend still is not sufficiently apparent or permanent. It must be made a regular feature for the following basic reasons:

a) The limited nature of the labor resources impeding the possibility of building new enterprises;

b) The possibility of ensuring increased production capacity at the industrial enterprises with relatively less capital expenditure;

c) The possibility of embodying in reconstructed enterprises (as in the building of new ones) the existing scientific and technical state of the art and the maximum possible rise in the rate of development and efficiency for industrial production on this basis;

d) The necessity and possibility by reconstruction of improving the conditions, content and attractiveness of labor;

e) The necessity and possibility in reconstruction of significantly reducing the share of manual labor which in a number of existing industrial enterprises still is 50 percent and more;

f) The necessity and possibility in reconstruction of considering the ecological standards to prevent further pollution of the environment and to reduce its existing level;

g) The necessity in certain instances of changing the specialization of existing industrial enterprises.

Among the basic factors impeding the necessary rise in the share of capital investments going into the reconstruction of existing industrial enterprises in Leningrad, one can put the following.

1. The share of capital investments going to reconstruct existing industrial enterprises in Leningrad does not correspond to its necessary scale. Due to this a portion of the existing production equipment is being replaced slowly, the production capacity of the designated enterprises is rising tardily while effectiveness (the return on resources) has virtually not increased.

2. There are shortcomings in the stage of designing the reconstruction. As a rule, a limited (two or three) number of reconstruction variations is worked out. Each of these variations envisages the use of "new" types of equipment, production methods and organization of the production processes which are not optimal in terms of the basic generalizing indicator for efficiency, return on resources. Because of this there have been numerous instances when the efficiency of production (the return on resources) at a reconstructed enterprise has been lower than at the same enterprise prior to its reconstruction. Such instances have occurred at the Admiralty Association.

3. A method is lacking which would ensure the prompt replacement of obsolete production equipment. Because of this the machine tools and other operating equipment are replaced either prematurely or late. In either instance the national economy suffers significant harm.

4. In reconstruction, because of the relatively large diversity of the projects, there are relatively fewer opportunities for concentrating production, specializing and ensuring cooperation among the construction-installation organizations and the other production structural elements engaged in the technical reequipping and expansion of existing industrial enterprises.

Because of this the opportunities are complicated for employing the most modern equipment, production methods and organization of the production processes which ensure the reconstruction of existing enterprises. Here the system of reconstruction management becomes more difficult, including the management of its material and technical support.

5. The work involved with the reconstruction of existing enterprises is carried out under cramped (in comparison with work in building new projects) conditions.

For such work there must be the appropriate equipment which at present is not being developed or is being manufactured in exceptionally small amounts. Generally speaking, under cramped conditions the basic indicators for the operations of the construction-installation organizations and other enterprises engaged in reconstruction are of significantly less importance than under the conditions of building new projects.

6. The work related to reconstruction is frequently carried out without shutting down the enterprises in which this work is carried out. Because of this, additional measures must be implemented to prevent accidents as well as reduce the importance of the basic indicators for the operations of the enterprises under reconstruction.

7. The psychological barrier has still not been overcome among the managers of existing enterprises which are to be reconstructed as well as the construction-installation organizations and other structural units engaged in this. New construction is considered more prestigious: in the first place, due to the absence of the above-given complicating factors involved in reconstruction and, secondly, due to the imperfection of the employed incentive systems for carrying out jobs related to the technical reequipping and expansion of existing enterprises first. As a rule, the current systems encourage primarily new construction.

The above-given factors which impede the necessary rise in the share of capital investments going into the reconstruction of existing industrial enterprises worsen the basic indicators of both these enterprises and particularly the construction-installation organizations and the other structural units engaged in reconstruction.

Because of these factors at enterprises being reconstructed the normed values are exceeded for the following: the reconstruction time; the time for establishing the reconstructed enterprises; the amount of fixed capital added as a result of reconstruction; the production costs at the reconstructed enterprises, the working capital. The normed value is understated for the following: the result of production at reconstructed enterprises; the production efficiency, that is, the return on resources; labor productivity.

In the construction-installation organizations and other structural units engaged in the reconstruction of existing industrial enterprises, due to the designated particular features, the normed values are overstated for the following: incomplete production in the reconstructed enterprises and because of this, the normed value of working capital; production resources to be employed for reconstruction; the labor intensiveness of jobs relating to reconstruction; the reconstruction costs.

The normed value is understated for the following: the immediate internal product (the normed conditionally net product); the effectiveness of the work relating to reconstruction; labor productivity; balance sheet profit and the profitability level.

In line with what has been stated, among the basic areas for increasing the rate and effectiveness of reconstructing existing industrial enterprises, one can put the following.

In capital investment planning, provision must be made for increasing the share of capital investments being channeled into the reconstruction of existing industrial enterprises.

Here it is essential to proceed from the principle consisting in the fact that an increase in production capacity in Leningrad for producing virtually all types of industrial products can be basically achieved as a result of the reconstruction and technical reequipping of existing industrial enterprises. New enterprises should be built in Leningrad in exceptional instances, for example, in organizing the production of fundamentally new product types using methods developed for the first time with the aid of newly created production equipment.

There should be a substantial improvement in the designing of reconstruction for existing industrial enterprises. Here primary attention must be drawn to the need to increase the number of variations to be worked out and compared. In each variation it is essential to provide the maximum possible use of the existing and appropriate scientific and technical achievements.

The optimum variation for reconstruction should be selected proceeding from a sounder (in comparison with the one employed) optimality criterion for the generalizing indicator of efficiency, the return on resources, that is, proceeding from the maximum possible value of this indicator.

A new procedure should be worked out which would provide an opportunity to promptly replace the existing production equipment, that is, at the moment of entering complete obsolescence of form II with the economic advisability of modernizing and operating this at other enterprises where the operating conditions are better.

In Leningrad there should be a concentration and specialization of production capacity at the construction-installation organizations and other structural units engaged in the reconstruction of existing industrial enterprises in this region.

At present, in Leningrad, along with such major construction organizations as Glavieningradstroy[Main Administration for Housing, Civil Engineering and Industrial Construction of the Leningrad Gorispolkom], Glavzapstroy [Main Administration for Construction in the Northwest], Glavleningradinzhstroy [Main Leningrad Construction Engineering Administration] and the Administration for Major Repair, there are 250 other construction organizations under more than 40 ministries and departments. These organizations are marked by relatively small size, by a low degree of mobility, by a significantly (by 5-7-fold) lower capital-to-labor ratio and by poor basic indicators of their (the organizations') activities.

A majority of the designated large and small construction organizations combines the building of new enterprises (projects) and the reconstruction of existing industrial enterprises.

The management of reconstruction for the Leningrad existing industrial enterprises, involving a large number of construction organizations and other structural units under many ministries for this, is marked by significant complexity. This can and must be overcome by creating large production construction-installation associations with an annual production capacity of over 50 million rubles. In the Leningrad area, three such associations have already been set up: one is in Glavzapstroy and two are in Glavleningradstroy. In these associations there is a higher level of equipment, production methods and the organization of construction-installation work, and as a consequence of this, relatively higher indicators for their (the associations') activities, including: normed conditionally net product, labor productivity, balance sheet profit, costs and production efficiency.

Along with setting up large production construction-installation associations, it is advisable to refocus a number of existing construction trusts on carrying out only the technical reequipping and reconstruction of existing industrial enterprises. The production capacity of each of these trusts should also be 50 million rubles and more. Such trusts already exist in Leningrad. For example, Trust No 35 which is engaged in the reconstruction of the Kirov Plant Association, Trust No 47 which has specialized in the reconstruction of the Izhorsk Plant Association and others.

In the designing and reconstructing of the existing Leningrad industrial enterprises, provision should be made to create on their basis the corresponding number of economically optimum industrial centers which provide a significant reduction in one-shot expenditures related to the setting up of the common (on a scale of an industrial center) auxiliary production (systems) and utilities as well as a reduction in the current expenditures for their (the systems and utilities) operations.

In planning the capital investments for the reconstruction of existing industrial enterprises, these (the capital investments) should be distributed between a basic, minimum number of production structural units which should undergo technical reequipping. This prevents the scattering of capital investments and conditions are created for carrying out reconstruction within the normed time without exceeding the normed amount of incomplete production (the cost of the incomplete reconstruction on the projects).

The experience of such concentrated capital investment planning already exists in Leningrad. Thus, at the end of the Tenth Five-Year Plan (in comparison with its start), the number of projects simultaneously under construction and reconstruction declined by 25 percent, while the volume of capital investments per project under construction (reconstruction) increased by 50-52 percent; correspondingly the construction (reconstruction) time of the projects was shortened.

In the immediate future we must plan the development, designing, creation and introduction of a range of construction machines and equipment as well as mechanized tools which provide a relatively great production efficiency in cramped conditions with the reconstruction of existing industrial enterprises. Here it is advisable to utilize the experience of other developed nations in the area of mechanizing construction-installation work being carried out under cramped conditions.

In the immediate future for each standard industrial enterprise which is to undergo reconstruction, we must work out a standard organization for carrying this out without halting the operation of the enterprise considering the prevention of accidents as well as preventing a substantial decline in the basic operating indicators of the projects during the period of their reconstruction.

In the immediate future it is also essential to work out standards for a number of indicators and primarily the labor intensiveness of work to be carried out in reconstructing the existing industrial enterprises considering the specific features which make it more complex.

The research carried out by the NIIOUS [Scientific Research Institute for the Organization of Management in Construction] under the MISI [Moscow Construction Engineering Institute] imeni V. V. Kuybyshev has made it possible to establish that the labor intensiveness of the work involved in the reconstruction of existing industrial enterprises is 23-35 percent higher in comparison with the labor expenditures in carrying out analogous jobs related to building new projects.

Also among the indicators the values of which should be adjusted considering the specific features of reconstruction are the normed conditionally net product, labor productivity (output), production costs, production efficiency, the duration of reconstruction and so forth.

In the near future we must fundamentally improve the incentive system and primarily the material incentives for workers employed in the reconstruction of existing industrial enterprises.

An adjusted incentive system should help primarily in carrying out the reconstruction of existing enterprises in comparison with the building of new projects.

In forming the material incentive fund of the organizations and enterprises engaged in reconstruction, the fund-forming factors should be: the share of the planned wage fund earmarked for payment through the material incentive fund from the rate wage fund g; the normed labor intensiveness of the work involved in reconstruction, T_r; the average wage rate per man hour of work related to reconstruction, W_r; the relative increase in efficiency (the return on resources) for work related to reconstruction over the designated (planned) period I_{ef}.

The material incentive fund for a construction organization engaged in reconstruction over the planned period (year) can be established proceeding from the given factors using the formula:

$$F_{inv} = gT_rW_rI_{ef}.$$

In distributing the material incentive fund between the internal structural units of the organization (enterprise) engaged in reconstruction, the following factors should be adopted as the basis: the number of internal structural groups n; the wage rate for the workers of the given internal structural unit W_{ri}; the increased efficiency (return on resources) in the given internal structural unit over the designated period I_{efi}.

The material incentive fund for the given internal structural unit of a construction organization engaged in reconstruction can be calculated proceeding from the designated factors using the formula:

$$F_{inu} = \frac{F_{ino} W_r I_{efi}}{\sum_{1}^{n} W_{ri} I_{efi}} .$$

In an analogous manner the additional payments out of the material incentive fund for the given worker are determined:

$$F_{inw} = \frac{F_{inu} W_{ri} I_{efi}}{\sum_{1}^{m} W_{ri} I_{efi}} ,$$

where W_{ri}--the wage rate of the given worker;
I_{efi}--the increase in the efficiency (return on resources) for the work of the given worker;
m--the number of workers in the given structural unit.

In the immediate future, explanatory work must be organized and primarily for the managers of the construction organizations in order to overcome the psychological barrier against the reconstruction of existing industrial enterprises. It is essential to achieve a situation whereby not only the designated managers, but all the workers of the construction organizations have become convinced supporters of the need for primarily reconstructing the existing enterprises in comparison with the building of new projects.

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INDUSTRIAL CONSTRUCTION

CAPITAL CONSTRUCTION STATISTICS

Moscow VESTNIK STATISTIKI in Russian No 9, Sep 82 pp 72-76

[Text] 1. Congratulations to Capital Construction on the 60th Anniversary of the Formation of the USSR

> "....Build quickly, economically and on a modern technological basis--these are the effects of high efficiency in capital construction."
>
> L. I. Brezhnev

1. The Primary Capital Construction Indicators for the Period 1922-1981 (in comparison prices; billions of rubles)

	Fixed Assets Put Into Operation	Capital Investment	Construction and Installation Work	Housing Units Put Into Operation, Millions of Square Meters
1922	0.2	0.2	0.2	18.8
1940	5.9	6.4	5.3	24.5
1965	51.4	56.0	35.5	97.6
1980	132.0	133.7	69.0	105.0
1981	132.6	138.8	70.4	106.4

In the 60 years of the USSR existence fixed assets in the sum of 2,076 billion rubles of fixed assets have been put into use, capital investments worth 2,236 billion rubles were made, the volume of construction and installation work amounted to 1,363 billion rubles, and 3,572 million square meters of total (usable) living space were put into use. The large modern construction industry makes it possible to put 50 percent more fixed assets into operation in one day than for the entire year of 1922.

At the end of 1981 primary contract construction and installation organizations numbered 32,200, including 27,500 state and 4,400 intereconomy organizations.

2. Fixed Assets Put into Operation by Union Republics
(in comparison prices: millions of rubles)

	1940	1965	1980	1981
USSR	5,901	51,404	131,924	132,596
RSFSR	4,050	30,557	82,072	82,857
Ukrainian SSR	831	8,660	18,800	18,639
Belorussian SSR	174	1,430	4,194	4,315
Uzbek SSR	147	1,771	5,782	5,667
Kazakh SSR	243	3,833	7,816	7,700
Georgian SSR	118	685	1,718	1,767
Azerbaijan SSR	137	651	1,884	1,935
Lithuanian SSR	2	648	1,658	1,721
Moldavian SSR	8	529	1,425	1,407
Latvian SSR	10	560	1,326	1,365
Kirghiz SSR	35	430	994	1,026
Tajik SSR	33	417	982	854
Armenian SSR	50	429	1,087	1,295
Turkmen SSR	38	423	1,095	1,121
Estonian SSR	25	373	933	766

3. Total Amount of Capital Investments by Union Republics
(in comparison prices; millions of rubles)

	1922	1940	1965	1980	1981
USSR	249	6,433	56,015	133,676	138,818
RSFSR	156	4,326	33,122	83,456	86,964
Ukrainian SSR	51	927	9,369	18,934	18,970
Belorussian SSR	9	185	1,509	4,300	4,553
Uzbek SSR	7	202	2,021	5,479	5,914
Kazakh SSR	8	260	4,115	7,999	8,262
Georgian SSR	6	134	758	1,847	1,853
Azerbaijan SSR	6	166	823	1,999	2,232
Lithuanian SSR		2	671	1,574	1,743
Moldavian SSR	0.1	9	587	1,498	1,490
Latvian SSR		11	605	1,286	1,379
Kirghiz SSR	2	42	479	1,008	979
Tajik SSR	2	45	509	970	976
Armenian SSR	1	50	523	1,141	1,225
Turkmen SSR	1	42	522	1,230	1,317
Estonian SSR		32	395	829	814

4. Construction and Installation Work by Union Republics
(in comparison prices; millions of rubles)

	1940	1965	1980	1981
USSR	5,295	35,495	69,004	70,404
RSFSR	3,572	20,904	42,325	43,233
Ukrainian SSR	771	5,865	9,471	9,482
Belorussian SSR	156	1,030	2,348	2,413
Uzbek SSR	168	1,284	3,392	3,594
Kazakh SSR	213	2,743	4,328	4,417
Georgian SSR	105	481	1,061	1,047
Azerbaijan SSR	111	449	948	1,032
Lithuanian SSR	2	426	877	941
Moldavian SSR	8	385	719	705
Latvian SSR	9	372	557	541
Kirghiz SSR	35	322	590	556
Tajik SSR	39	334	558	581
Armenian SSR	43	357	670	693
Turkmen SSR	35	299	644	662
Estonian SSR	28	243	426	401

5. The Largest Enterprises Put into Operation by Union Republics

RSFSR

More than 26,000 large industrial enterprises were built, restored and put into operation. Among them are a cascade of hydroelectric stations on the Volga, the Krasnoyarsk imeni the 50th Anniversary of the USSR, the Bratsk imeni the 50th Anniversary of the Great October Revolution, the Sayano-Shushenskaya GES, the Reftinskiy GRES, the Kol'skiy, Kursk, and Leningrad nuclear power plants, the Magnitogorsk, Kuznetsk and Orsko-Khalilovo metallurgical combines, the Volkov aluminum plant, the Berezniki nitrogen fertilizer plant, the Pridonskoy and Cherepovets chemical plants, the Tol'yatti nitrogen plant, the Krasnoyarsk chemical fiber plant, the giants of native machine building--"Rostsel'mash," the Volga, Kama, Moscow, and Gor'kiy automobile plants, the Volgograd and Chelyabinsk tractor plants, the Volgodonsk "atommash" plant and others. Enterprises in the Bratsk and Syktyvkar timber industry complexes became operational. Many enterprises in the food and light industry were built.

Ukrainian SSR

A cascade of hydroelectric stations on the Dnieper became operational, the Zaporozh'ye, Uglegorsk and Zmiyev GRES, the Chernobyl' and Rovno nuclear power plants, the Krivoy Rog metallurgical plant, the "Azovstal'" and "Zaporozhstal'" plants, the Dneprovskiy aluminum plant, the Novo-Kramatorsk machine building plant, the Khar'kov tractor and turbine plant, a diesel locomotive building plant in Voroshilovgrad, a tire plant in Dnepropetrovsk, the Konstantinovsk chemical plant, the Cherkasy chemical fiber plant, the Kremenchug and Lisichansk oil refineries, the Odessa portside plant, the Severnyy, Dneprovskiy and Marganets mining enrichment combines, the Chernigov chemical fiber combine and a number of other enterprises in the light and food industry among which are meat combines in Zhitomir, Lubny, and Kovel', the Chernigov worsted cloth combine, the Kherson cotton combine and others.

Belorussian SSR

The Belorussian, Vasilevichi, Bereza and Smolevichi GRES, the Polotsk oil refinery, the Minsk and Belorussian automobile plant, the Minsk tractor plant, the Gomel' agricultural machinery plant, the Mogilev and Svetlogorsk artificial fiber plants, the Soligorsk potassium combine, the Grodno chemical combine, a number of sugar plants, meat combines, and other enterprises were built.

Uzbek SSR

Large industrial enterprises were built. Among them are the Tashkent, Navoi and Syrdar'ya GRES, the Charvak and Bozsuy GES, a mining and metallurgical combine in Almalyk, the Navoi chemical combine, the Fergana oil refinery, the Samarkand superphosphate plant, the "Uzbeksel'mash" machine building plant and the Tashkent excavator and cable machine building plants and enterprises for the food and light industry.

Kazakh SSR

The Leninogorsk and Alma-Ata cascades of hydroelectric stations and later the Ust'-Kamenogorsk and Bukhtarmin hydroelectric stations, and the Ekibastuz GRES-1 were built. Non-ferrous metallurgical enterprises became operational--the Leninogorsk (formerly Ridder) polymetal combine, the Balkhash and Dzhezkazgan mining and metallurgical combines, the Ust'-Kamenogorsk lead-zinc and titanium-magnesium combines, the Pavlodar aluminum plant, and a large number of mines and open pits in the Karaganda and Ekibastuz coal basins. Among them are the largest open coal pit in the world--"Bogatyr'." Plants were built--the Aktyubinsk chemical plant, the Karaganda synthetic rubber plant, the Kustanay artificial fiber plant, the Dzhambul superphosphate plant, a plastics plant in Shevchenko, a number of large machine building plants and also enterprises for the food and light industry.

Georgian SSR

The following became operational: the Zemo-Avchal', Ingursk, and Rionsk GES, the Tkvarcheli and Tbilisi GRES, an oil refinery and machine building plant in Batumi, the Tbilisi "Tsentrolit," the machine tool building plant imeni Kirov, an electric locomotive building plant, the Rustavi metallurgical plant and the Kutaisi automobile plant, the Ingur cellulose paper combine, the Kutaisi silk combine and a number of others.

Azerbaijan SSR

The Sumgait TETs, the Severnyy and Ali-Bayramly GRES, the Mingechaur GES, and new oil and gas deposits were put into use, oil deposits in the Caspian Sea were explored and are being exploited, and plants were built--the Novo-Baku oil refinery imeni V. I. Lenin, the Baku oil refinery imeni Karayev, the Azerbaijan turbo rolling plant, the Sumgait and Kirovabad aluminum plants, a plant for processing plastics in Sal'yany, the Baku electric machine building and tire plants, the Mingechaur plant for producing rubber articles, the Sumgait synthetic rubber plant and the Baku plant for producing consumer air conditioners.

Lithuanian SSR

The Kaunas GES and the Lithuanian GRES were built. Large plants were put into operation--the Mazheykyay oil refinery, the "Zhal'giris" machine tool building plant in Vilnius, an artificial fiber plant in Kaunas, a grinding machine tool plant in Vilnius, the Ionava nitric fertilizer plant, the Kedaynyay chemical combine and a number of large enterprises for the food and light industry.

Moldavian SSR

The Moldavian GRES, the Dubossary GES and the Kishinev TETs were put into operation. The following became operational: the Kishinev "Elektrotochpribor" and "Vibropribor" plants, the Tiraspol' electric apparatus plant and a number of large enterprises in the food and light industry--a knitted fabric enterprise for the upper body in Soroky, a rug combine in Ungeny and a large number of plants for primary winemaking, canned goods and sugar products.

Latvian SSR

The Plyavin'sk and Riga GES and the Riga TETs were built. The following plants were put into operation--an instrument building plant, an electric machine building plant and a diesel plant in Riga, the Yeglava machine building plant, the Daugavpils chemical fiber plant, a plant for processing plastic and chemical reagents in Olayna, and the Valmiyera fiberglass plant. In the food and light industry the Ogre knitted wear combine, the Riga municipal milk combine, the Ventspils fish canning combine and Yelgava canning combine became operational.

Kirghiz SSR

The following became operational: the At-Bashinskiy and Toktogulo GES, the Frunze TETs, a new coal deposit in Tash-Kumyr, the "Abshir" and "Almalyk" open coal pits, and the Khaudarkan mercury combine. The Kadamdzhay antimony combine, the "Kirgizkabel" plant, the Osh pump plant, the Frunze automated assembly plant, the Frunze worsted cloth and the Osh textile combines, a number of meat packing combines, sugar plants and others were built.

Tajik SSR

The Varzob, Perepad, Golovnyy, and Nurek hydroelectric stations were built and work was done to develop the Shurab coal deposit. The Vakhsh nitrogen mineral fertilizer plant, the Yavan electrochemical plant, the Tajik aluminum plant, a transformer plant in Kurgan-Tyube, a consumer refrigerator plant in Dushanbe and other enterprises were put into operation.

Armenian SSR

The Yerevan GES-1 and GES-2, the Leninakan, Kanaker and Sevan hydroelectric stations, and the Armyansk nuclear power station became operational. The following were built: the Kanaker aluminum plant, a chemical fiber plant in Kirovakan, a milling machines plant and automobile plant in Yerevan, a granding machine tools plant and electric technology plant in Leninakan, a precision machine tool plant in Kirovakan, the Zangezur and Agarak brass and molybdenum combines, the Yerevan chemical combine and a number of enterprises in the food and light industry

Turkmen SSR

The Bezmein, Nebit-Dag, and Mary GRES and the Krasnovodsk TETs were built. New oil deposits were developed. The Krasnovodsk oil refinery and large enterprises in the chemical industry were put into operation: the "Karabogazsul'fat" combine, the Gaurdak sulphate plant, and the Chardzhou chemical plant. The Ashkhabad petroleum machine building plant, the "Turkmenkabel'" plant and a large number of cotton plants.

Estonian SSR

A TETs in Kokhtla-Yarve and Tellinn and the Pribaltic and Estonian GRES were put into operation. New machine building plants were built--an excavator plant in

Tallinn, an electromechanical plant in Ryngu, and a gas analyzer plant in Vyru, a nitrogen fertilizer plant in Kokhtla-Yarve, new mines and open pits in the Slantsy basin, a Pribaltic building materials combine in Narva and a housing construction combine in Tartu became operational and the capacities of the "Punane-Kunda" cement plant were renovated and expanded. Large meat packing combines, fish canning plants, bread plants and milk products combines were formed.

6. The Total Floor Space that was Put into Use
in Housing Units by Means of All Sources of Financing*
(thousands of square meters)

	In all for the five-year plan years (1929-1981)	In particular	
		1940	1981
USSR, millions M^2	3,411.5	24.5	106.4
RSFSR	1,948,531	15,900	59,336
Ukrainian SSR	632,016	3,[illegible]61	18,087
Belorussian SSR	130,202	654	4,545
Uzbek SSR	144,275	925	5,854
Kazakh SSR	194,169	1,149	6,067
Georgian SSR	55,511	543	1,684
Azerbaijan SSR	48,793	427	1,605
Lithuanian SSR	40,084	35	1,774
Moldavian SSR	40,205	45	1,471
Latvian SSR	25,920	20	1,040
Kirghiz SSR	34,064	242	1,000
Tajik SSR	32,638	195	1,099
Armenian SSR	34,663	174	1,090
Turkmen SSR	30,246	247	891
Estonian SSR	18,882	30	716

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*In this and the following table data for the Lithuanian SSR, the Latvian SSR and the Estonian SSR are given beginning with 1940.

7. Structures for Cultural and Everyday Purposes that Have Been Put Into Operation by State and Cooperative Enterprises and Organizations (Excluding Kolkhozes) During the Five-Year Plan Years (1929-1981)

	General Education Schools, Thousands of Seats	Preschool Institutions, Thousands of Seats	Medical Institutions, Thousands of Beds	Sanitariums and Rest Homes Thousands of Beds
USSR	44,088	10,666	1,586	1,251
RSFSR	25,416.3	6,532.2	936.3	736.0
Ukrainian SSR	6,264.1	1,588.0	264.3	278.8
Belorussian SSR	2,068.9	423.5	59.4	26.0
Uzbek SSR	2,119.4	465.2	65.1	26.6
Kazakh SSR	2,660.5	616.7	85.0	24.6
Georgian SSR	960.3	119.9	31.2	38.6
Azerbaijan SSR	827.3	108.2	20.8	17.2
Lithuanian SSR	511.5	160.9	21.1	19.4
Moldavian SSR	438.3	126.4	17.8	14.4
Latvian SSR	274.4	98.9	13.2	26.9
Kirghiz SSR	506.0	79.5	15.8	13.1
Tajik SSR	556.9	80.1	18.8	5.9
Armenian SSR	772.9	119.9	17.7	11.8
Turkmen SSR	504.1	78.9	10.8	4.5
Estonian SSR	202.8	67.1	8.3	6.9

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USSR GOSSTROY OFFICIAL REVIEWS RURAL CONSTRUCTION

Moscow STROITEL'NAYA GAZETA in Russian 18 Aug 82 p 2

[Article by USSR Gosstroy First Deputy Chairman G. Fomin, chairman, State Committee for Civil Construction and Architecture: "Renovating Our Towns"]

[Text] Measures of an impressive scale aimed at socially rebuilding the towns and improving the housing, municipal, personal, social and cultural conditions of the rural population are an organic part of the country's Food Program adopted by the May (1982) CPSU Central Committee Plenum.

The practical tasks associated with the measures listed above are connected with development and implementation of capital construction programs. Planners and builders have a prominent role in this effort.

Following the March (1965) Plenum of the CPSU Central Committee, much was done in the country under the guidance of the Communist Party to solve social problems, to rebuild rural population centers, to advance construction of housing and of cultural and personal service facilities, to create and develop the base of construction industry, to organize planning and to place rural construction affairs in order.

In just the last decade a total area of 316 million square meters of residential buildings, many schools, children's institutions, clubs, palaces of culture and other service institutions were placed into operation in rural areas. The average housing availability to the rural population increased from 7.4 square meters in 1956 to 13 as of the beginning of 1981.

Much work was done to provide regional planning information, plans for the layout of build-up of kolkhoz and sovkhoz central farmsteads and plans for rural residential and public buildings. The overwhelming majority of the rural rayons and central farmsteads of the kolkhozes and sovkhozes have been supplied with these plans. Each year the volume of farmstead residential buildings erected is increasing, the architectural and structural quality of buildings is improving, services and amenities provided to the towns are increasing, and town landscaping is improving.

Today the proportion of farmstead single- and two-story houses with respect to the total volume of housing erected in the last 10 years is 65 percent, while the proportion of two-story sectional houses providing the necessary conditions for management of private farms is 17 percent.

Many settlements have been erected which can serve as examples of integrated build-up and improvement. Eloquent evidence of this can be found in the results of the all-union competetive review for the best town build-up and improvement. Good conditions for highly productive labor, personal life and leisure have been created in these settlements. They include the towns of Vertilishki, Lenino, Zashirye, Malech, Sorochi and Selyucy in the Belorussian SSR, the settlements of Povadinskiy, "Zarya Kommunizma," Yakovlevskoye and "Zavety Ilicha" of Moscow Oblast, "Komsomolets" of Kuybyshev Oblast, Beznovatka and Nikolskoye of Voronezh Oblast, Nurma and Seltso of Leningrad Oblast, Kholyazino of Gorkiy Oblast, Shapshi of the Tatar ASSR, Osinovka of the Bashkir ASSR, Kalita of the Ukrainian SSR and many others.

Construction, reconstruction and improvement measures were implemented on the basis of carefully developed regional plans in Volnovakhskiy, Stryyskiy and Vinogradskiy rayons in the Ukrainian SSR, Temryukskiy and Gulkevitchskiy rayons of Krasnodar Kray, Gorodetskiy Rayon in Gorkiy Oblast and Tosnenskiy Rayon in Leningrad Oblast. Well developed systems of public services and of intrafarm and interfarm roads have been created here.

It must be admitted, however, that the level of the efforts to rebuild the countryside does not as yet satisfy the requirements posed by the 26th CPSU Congress. The plans for construction of rural housing and cultural and personal facilities are regularly not being fulfilled, construction jobs are not adequately integrated, and installation of rural utility networks is falling behind.

In many cases the regional plans that have been developed do not account for future development of the farms, for the unique features of interfarm cooperation and agroindustrial integration and for the need to improve the rural settlement system in coordination with formation of units of the agroindustrial complex. A stereotypic approach is taken to the planning of towns and to formation of their centers.

Multistory urban-type residential buildings which do not account for the needs of rural residents and which do not foresee conditions for maintaining private farms are still being built in an unjustifiably large volume in a number of the country's oblasts. Mention must be made of the fact that the architecture of some homestead-type rural homes is primitive and unattractive, and the layout of these homes is inconvenient to rural residents. On the other hand we often encounter cases of excesses in the planning and external appearance of cottages, which makes their construction much more expensive. Such homes can be seen in the sovkhoz settlements of "Nara" and Borets in Moscow Oblast, "General'skoye" in Saratov Oblast and in some other regions of the country.

The state is allocating tremendous financial, material, technical and labor resources to the rebuilding of the towns. It is our common task to achieve the greatest from these allocations.

Fulfilling the decisions of the May Plenum of the CPSU Central Committee and the CPSU Central Committee and USSR Council of Ministers decree "On Measures for Further Improvement of Housing, Municipal, Personal, Social and Cultural Living Conditions of the Rural Population," organizations of the Gosgrazhdanstroy [State Committee for Civil Construction and Architecture], the union republic gosstroys, agricultural and architectural planning organs and the planning and construction organizations have much work yet to do.

In particular, regional plans and plans for the layout and build-up of central farmsteads and settlements of sovkhoz and kolkhoz departments must be completed before the end of the present five-year plan. The requirements associated with forming the lowest units of the agroindustrial complex and the need for improving the system of rural settlements must be accounted for, with a regard for scientifically grounded predictions of socioeconomic development and of the demographic situation of individual rayons. As a result we hope to obtain plans for territorial organization of production and settlement--plans which are most in keeping with today's economic and social requirements.

In the course of this great work we must determine where to locate the centers of settlement networks and where to concentrate the capital investments, we must determine which population centers are to be settled on priority and which ones are to be preserved as is for an established period of time, and we must think out a system for organizing public services to the population and the engineering and transportation infrastructure of the rayons.

In a short time we intend to determine more specifically the volumes of residential, municipal, cultural and personal service buildings to be erected in 1983-1985 and in the 12th Five-Year Plan in each republic, kray, oblast and rayon, and to draw up the plans to support completion of this construction. These plans must be drawn up with regard to effective use of introduced capacities and sensible cooperation between rural and urban residential construction enterprises.

Correspondingly we must establish concrete assignments for every rural and urban residential construction enterprise, both in terms of production volume and in terms of the types of residential buildings, schools, children's institutions and farm structures to be built.

By the end of 1983 the central and zonal institutes of Gosgrazhdanstroy, the union republic gosstroys and the executive committees of the local soviets of peoples deputies must finish drawing up delinquent standard plans for residential and public buildings and plans for their construction by urban enterprises.

As with the planning operations, these tasks must be completed by redistributing the volume of planning operations and budget allocations between urban and rural construction in favor of the latter, and where possible, by using assets from local budgets.

Some things have already been done in this direction. For example the planning and construction organizations of Saratov, Rostov, Moscow and a number of other oblasts of the RSFSR and of the Belorussian and Ukrainian SSR have built their first farmstead houses on the basis of previously created plans out of parts produced by urban residential construction enterprises. The experience of these organizations shows that if a high degree of unification is achieved in structures and parts, interesting results can be achieved in terms of architectural planning and social function. Of course, attainment of a high end result requires planning work to be supplemented by organizational, technical and technological preparation of production.

The best architectural minds must be attracted for work in rural planning.

A competition for the design of a rural farmstead house recently sponsored by the USSR Architects' Union and a recent discussion on the problems of rural construction at the union's plenums and by its creative commissions indicate that this creative organization has great possibilities for raising the quality, technical level and artistic expressiveness of rural build-up.

Growth in the volume of farmstead build-up, improvement of services and amenities and construction of farm structures to support maintenance of private farms are known to make rural housing construction more expensive. Well grounded determination of the average cost of housing construction in each republic, kray and oblast in the country is the foundation for accurate planning of the volumes of capital investments necessary for implementation of the plans for socially rebuilding the countryside.

In this connection standards of relative capital investments for the construction of residential buildings and municipal facilities are to be developed next year for each republic and for individual regions of the country with a consideration for more extensive build-up of population centers with farmstead-type housing, improvement of apartment layout and improvement of utilities provided to them. This is an important task of the union republic gosstroys.

Increasing the effectiveness of capital investments allocated for rural nonproductive construction is a prerequisite of the planned programs of social reconstruction of rural areas. This task can be achieved through sensible functional zoning of the territory of rural population centers and through well conceived planning and organization of transportation links between residential and production zones, insuring economy of land and reduction of capital investments and operational outlays.

Moreover the plans for residential buildings and for cultural and personal service facilities and their construction must make broader use of the architectural planning and design concepts and utility systems which would insure further growth of construction's industrialization.

Successful completion of the tasks posed by the party will be a concrete contribution by the USSR Gosstroy, the Gosgrazhdanstroy, the union republic gosstroys, the Architects' Union and their subdivisions and of all rural builders to fulfillment of the USSR Food Program.

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HOUSING CONSTRUCTION

GEORGIAN GOSSTROY OFFICIALS EXPLAIN CONSTRUCTION DELAYS

Tbilisi ZARYA VOSTOKA in Russian 1 Sep 82 p 2

[Article by David Gugava, chief of the Department for the Organization and Economics of Construction in the Georgian SSR Gosstroy, and Shota Mudzhirishvili, chief engineer of the Department for the Organization and Economics of Construction in the Georgian SSR Gosstroy: "'The Orel Continuous Method': Problems Associated with Adopting It"]

[Text] Construction problems are the most painful and pressing problems. And it is no coincidence, therefore, that so much conversation concerning principles went on at the Ninth Plenum of the Georgian Communist Party Central Committee. It was noted that housing construction requires the most intent attention and although the housing plan was exceeded during the first half of the year, only a third of the floor space that was planned for the year has been put into use. The reasons? They are obvious. They are incorrect planning when the goals for putting housing into operation are illegally spread out over the course of the year. Everyone has begun to meet the growing amounts of housing construction with great difficulty in such large cities of the republic as Kutaisi and Poti in the Adzharskaya ASSR autonomous republic.

The necessity of solving this problem, chiefly of finally completing the transition to the two-year system of continuous planning, design and construction of housing--the so-called "Orel continuous method" long ago became urgent. Why are we going so slowly?

Housing construction is a most important social problem which should be solved by mutual efforts.

First of all the complete flow method of building housing units and structures for cultural and everyday purposes and municipal services must be extensively adopted on a continuous planning basis. This ensures an improvement in the quality of construction, the start up of structures for use at regular intervals and in the final analysis a realization of the general plans for the growth of cities by means of the sequential complete construction of rayons. But for this it is necessary to form the services of a single contractor in the large cities of the republic and to concentrate the capital investments in their hands. Along with this a single design organization must take upon itself the design work for housing and civil construction and completion of the volume of construction and installation for erecting housing units and structures for cultural and everyday purposes and municipal services must be done by a single contractor construction and installation organization.

The scientific basis for improving efficiency and the quality of work based on the transition to continuous planning was given in the USSR Council of Ministers Decree concerning measures for expanding the practice of the complete flow method of constructing housing units and structures for cultural and everyday purposes and municipal services in cities and the Georgian SSR Council of Ministers decree concerning the transition to two-year continuous planning for the design work and construction of structures for housing, cultural, everyday, and municipal purposes. The creation in 1974 of the Main Capital Construction Administration in the republic under the Georgian SSR Council of Ministers and also the Abkhazskaya and Adzharskaya ASSR Council of Ministers' capital construction administrations, the Yugo-Osetinskaya autonomous oblast ispolkom and similar services in the large cities of the republic pursued an important goal: uniting the functions of the client, centralizing them and concentrating them in one pair of hands. A number of specific measures were worked out for creating the services of a single client, specializing construction organizations, working out design and estimate documentation on time and for organizing the operative management of construction. All of this should have promoted the adoption of flow methods of operating, the completion of plans for putting housing units and structures for non-production purposes into use, and the improvement of construction quality.

What sort of picture has formed in the republic? During the 10th Five-Year Plan, and even during the current year the plans for total living space have been met. However, the turnover of housing units over the course of the year has been accomplished with breaches in the flow schedules for the two-year plan. From this comes housing units that are put into operation at irregular intervals which inevitably led to crash work and negatively affected the quality of the structures that were turned over.

The results of the cooperative checking conducted by the USSR State Committee for Civil Construction and Architecture and by the Georgian SSR Gosstroy have shown that attention toward problems of adopting flow methods weakened in the republic last year and the rate of concentrating capital investments with a single contractor declined. For example, large amounts of capital investments were made by individual clients in the cities of Tbilisi, Kutaisi, Sukhumi and Batumi. Along with this the tendency of not completely using capital investments for housing construction manifest itself. Thus, during the years of the 10th Five-Year Plan more than 48 million rubles were not used and it was more than 12 million last year. Housing microrayons continue to be built piecemeal. Capital investments for building structures for municipal services, health and trade purposes are not being used.

The capacities of housing construction combines are being used about 70 percent on the average. For this reason the goals for housing construction are not being met as a rule. In addition, housing construction combines are transferring to building new series of housing units at an extremely slow pace. In connection with this, many designs must be drawn up anew.

The lack of a five-year plan for locating civil and housing construction projects and detailed planning in a number of cities and an absence of structure in housing and civil construction and the necessary preparatory work for technical documentation and so forth became serious obstacles for adopting the "Orel continuous method" in the republic from the very beginning. This all speaks of poor attention to this important matter on the part of the ispolkoms in the soviets of peoples deputies in a number of cities in the republic.

When speaking about the deficiencies that are delaying the adoption of the "Orel continuous method" it is also impossible to remain silent about the irregular pace of work of design and research organizations. According to the status as of 1 June of this year technical documentation was provided by GlavUKS [Main Capital Construction Administration] for only 50 percent of the projects planned for 1983. We will note here that the planning agencies in the republic--GlavUKS under the Georgian SSR Council of Ministers and the Georgian SSR Gosstroy--could not completely ensure that the USSR Council of Ministers decree for transferring to the two-year continuous planning of design work and the construction of projects for housing and municipal purposes mentioned by us above could be fulfilled. On the other hand the ispolkoms of the soviets of peoples deputies are obligated, without waiting for directions from the above agencies, to independently solve the problems of the complete flow construction of cities.

In a word there are still many problems in transferring to continuous planning and the complete construction of cities in the republic. At present a special program is being worked out that is intended to solve all of these urgent problems. In particular it is intended that five-year plans for locating housing and civil construction projects be drawn up by the ispolkoms of the city soviets of peoples deputies on time and that the appropriate territory be set aside for this purpose. Design organizations ("Gruzgiprogorstroy," "Tbilgorproyekt" and others) are obligated to regularly give clients complete design and estimate documentation over the course of the year in the established time schedule.

But that is, as they say, on the one hand. On the other, and this is obvious, all of these problems cannot be solved independently from one another. The lack of coordination between the various links in construction production, beginning with the process of working out design and estimate documentation and ending with the turnover of the structure for use, is the same stumbling block that hinders the adoption of the "Orel continuous method." For example, one of the reasons for the irregular pace of designers' work is a lack of the necessary supply of work at the beginning of the year. The existing accounting system for completed research and design work, the total amount of which design organizations sum up once per quarter, makes it possible for them to get advances from clients each month. As a result of this a so-called "peak" volume of working drawings which are turned out in August has been created since the obligatory condition for including projects in the plan is that they are provided with documentation by 1 July of the year preceding the planned year.

And so it happens that the general contractor construction organization, which is obligated to coordinate the design and estimate documentation in a 45-day period is actually not in a position to do this. Such a rush negatively affects the quality of the working drawings and construction.

Proceeding from this, in our view it seems expedient to transfer to settling accounts with clients for a completed design or for a large phase of completed design and estimate documentation as this is successfully practiced in the interrelationships between the client and contractor during construction of projects.

It is obvious that the role of the client in both cases is great. Being the connecting link in the construction conveyor, the client completes no small amount of work. Therefore, precise coordination and concentration of its functions will eliminate the deficiencies in the interrelationships with the rest of the participants in construction and will aid in reorganizing their interrelationships, in reducing design and construction time and in increasing responsibility for the time schedule and the quality of work.

At present in large cities of the republic such as Tbilisi, Sukhumi, Batumi, Kutaisi and Rustavi, the management of housing and civil construction is entrusted to coordinating centers and working groups that operate under the ispolkoms of the soviets of peoples deputies. "Tbilgorproyekt" and "Giprogorstroy" and their branches in other cities of the republic fulfill the functions of a single designer. The general contractor organization is the Georgian SSR Minister of Construction and, more precisely, the specialized construction organizations in this ministry's system. Basically, they carry out the construction of housing and non-production structures. The Main Administration for Capital Construction under the Georgian SSR Council of Ministers coordinates the activities of all the organizations in housing construction in the republic. The successful solution to problems depends on the precise work of all of these links.

In our view, for the successful adoption of the complete flow method of building housing units and structures for cultural and everyday purposes and municipal services, it is necessary that the capital construction administrations in Tbilisi, Kutaisi, Batumi and Sukhumi be totally charged with the functions of a single client for the construction of the above structures in these cities beginning with January 1983. Exactly as has been done in the city of Rustavi. A strict procedure must be established in accordance with which the territory for all of the housing and non-production structures that are being erected in these cities would be set aside by only one client per city. With the aim of providing supervision over the adoption of the complete flow method of construction in Tbilisi, Kutaisi, Rustavi, Batumi and Sukhumi an interdepartmental coordinating council will be organized under the republic Gosstroy. Along with this it is necessary, in our view, to update the composition of the coordinating center in the GlavUKS's system, and the coordinating councils and working groups in the ispolkoms of the Tbilisi, Kutaisi, Rustavi, Sukhumi and Batumi city soviets and have their work take a more active part; the solution to all of the problems associated with the adoption of the "Orel continuous method" will be entrusted to them.

The problems associated with the adoption of the flow method of construction, about which we have spoken, remain pressing. However, even now as a result of measures that have been taken, problems in setting aside territory for construction in the large cities of the republic along with several other problems that were touched upon today are basically being solved positively. Nonetheless, the services of a single client are needed for further improvement in the areas of using capital investments, material and labor resources more efficiently and to ensure the necessary conditions for the steady pace of work and clear-cut interactions between the organizations participating in construction.

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BUILDING MATERIALS

MINISTER SETS GOALS FOR BUILDING MATERIALS INDUSTRY

Moscow STROITEL'NAYA GAZETA in Russian 8 Aug 82 p 2

[Article by USSR Minister of Construction Materials Industry A. Yashin: "For the Five-Year Plan's Construction Projects"]

[Text] The multimillion army of workers in construction met their professional holiday--Day of the Construction Worker--with new achievements in labor. New enterprises are being erected and existing ones are being expanded and reconstructed on a broad front throughout the entire country. Large industrial complexes and water management systems are being erected, gas and petroleum mains are being laid, and transportation arteries are being built. Construction of housing and of municipal, personal service, social and cultural facilities is proceeding at an increasing rate in the city and countryside. The laborers of construction materials industry and of the Ministry of Construction of Heavy Industry Enterprises are waging an active struggle for successful implementation of the program for the 11th Five-Year Plan in a single formation with the construction workers.

The task of raising the effectiveness and quality of capital construction and sharply increasing the scale of efforts to develop the agroindustrial complex in compliance with decisions of the May (1982) CPSU Central Committee Plenum makes it especially important to fulfill the requirement imposed by the 26th CPSU Congress--to build quickly, economically and at a high technical level.

Much has recently been done to industrialize mass construction processes. Residential and public buildings and various production facilities are being erected relatively quickly. But it often takes a long time before they are put to use. The main reason lies in the existing and, unfortunately, slowly narrowing gap between the advanced methods of installing the principal structures out of plant-ready structures and parts, and the subsequent laborious and lengthy finishing jobs.

Decisions of the 26th CPSU Congress clearly orient us toward predominant growth in production of articles which promote a decrease in the metal-intensiveness, cost and labor-intensiveness of construction and the weight of buildings and structures, and which improve their heat-insulating properties. Plans have been made for expanding production of high-grade, multicomponent and special cements, of polished, reinforced and heat-insulated glass, of effective trimming and heat and sound insulating materials and plumbing fixtures, and for raising their quality.

During the previous five-year plan production of most kinds of progressive materials increased by a factor of about 1.5-2, and significantly more in relation to some articles. Today our industry is almost completely satisfying the national economy's demand for special kinds of cement. Production of high grades of cement is increasing. There are plans for organizing production of especially quick-setting cements intended for manufacture of reinforced concrete structures using processes not requiring steam-curing. An effort is being made to improve the qualitative characteristics of cements intended for general construction. Production of multicomponent cements using all metallurgical wastes, ash from thermal electric power plants and other additives suitable for this purpose will continue to develop.

Production of cement by the "dry" method and production of so-called alinit cement by a low-temperature process discovered by Soviet scientists will enjoy further development in the present five-year plan. A number of industrial lines are to be converted to this process, which will make it possible to sharply increase their output capacity and reduce relative fuel consumption per ton of product.

Much significance is being attached to organizing production of asbestos-cement structural components by an extrusion process. Total production of wall panels and partitions by this method is to be increased to 1.3 million square meters in 1985. If we are to organize mass production of such structures and parts, we will have to do a great deal to improve the processes and raise the quality of the articles. We will need to create new kinds of products and assimilate progressive installation methods.

Recently the governing board of the ministry made a decision to additionally increase production of a number of kinds of articles enjoying greater demand. For example production of colored and ornamental ceramic tiles for interior walls of residential and public buildings is to be increased by almost 5 million square meters by 1985, while production of large ceramic floor tiles is to be increased by more than 2.5 million square meters.

Production of improved quality gypsum wallboard will be increased by many orders of magnitude to permit broader introduction of industrial methods of erecting and finishing residential and public buildings, including in rural areas. Production of acoustic and ornamental gypsum panels for room interiors will increase dramatically.

More attention will be devoted in this five-year plan to production of bricks, especially of hollow and facing bricks, and lightened ceramic stonework. There are plans for building new plants. But much is also to be done at the existing enterprises as well. The experience of the best plants of Moscow, Leningrad, the Ukraine and the Baltic republics shows that with minor outlays on reconstruction, collectives are able to significantly increase production of progressive wall materials within a short time.

Much has yet to be done to expand and update the assortment of materials for construction. This work might have proceeded much more successfully had we not been held back by the absence or the extremely insufficient quantities of chemicals, dyes, other forms of raw material and necessary equipment we received. Thus while quotas have been established for the current year and the five-year plan for manufacture of asbestos-cement extrusion panels, delivery of plasticizing additives has not been planned. There are not enough phenol alcohols to support the planned production volume of high-rigidity glass wool panels, there is not enough petroleum-based bitumen to produce surface-treated roofing felt, there is not enough binder to make improved quality gypsum wall boards and so on.

There is one issue that has been raised several times already, including in STROITEL'NAYA GAZETA: Delays in production of some new articles caused by planners who fail to rewrite plans and technical standards to permit their use. These articles include shaped glass, stemalit and hollow glass blocks (production of colored blocks has practically halted). The planning organizations have not yet developed, for example, the design of double-pane glass windows, as a consequence of which this highly effective glazing is not being used in mass construction, and new production lines are idling for long periods of time. A similar situation existed and continues to exist in relation to some kinds of sanitary engineering equipment, colored roofing shingles and other articles.

Decisions of the May (1982) CPSU Central Committee Plenum posed many tasks before workers of construction materials industry. Our enterprises are the main suppliers of lime fertilizers. Production of these fertilizers now exceeds 23 million tons per year, and it should increase by a factor of 1.7-1.8 by the end of the five-year plan. Production of ceramic drain pipes for land reclamation is increasing with every year. Their production at existing and new enterprises of the ministry is to be increased by almost a time and a half during the five-year plan, climbing to an equivalent of 736,000 kilometers in 1985. Asbestos-cement piping and couplings for water control structures, dry-milled gypsum used to treat saline soil, chalk for combined fodder industry and glass cans for processing industry are being produced in large quantities. Last year about 27 million tons of cement--almost 20 percent of all cement produced by the ministry's plants, about 70 million square meters of window glazing (26 percent), 547 million square meters of soft roofing felt (33 percent) and the equivalent of 4.3 billion roofing shingles (60 percent) were delivered for the needs of rural construction.

If we are to successfully complete the quotas of the 11th Five-Year Plan associated with economic and social development and with the USSR's integrated food program, the workers of our industry will have to try to make the fullest possible use of internal production reserves and of advanced skills.

The results of the socialist competition for the first half of 1982 were summarized on the eve Day of the Construction Worker. One of the leaders of the competition in cement industry--the collective of the "Spassktsement" Production Association--attained new successes. Within a short time its workers and specialists completed a large program of engineering and organizational measures aimed at raising the output of two of the largest production lines using the "dry" method to their planned capacity. Production of cement for construction projects in the Far East doubled when they became operational. USSR State Prize Laureate V. Kuznetsov, a machine operator at a rotary kiln, and his brigade achieved outstanding indicators in work with the new, complex equipment.

The collective of the "Kalininstroymaterialy" Production Association is achieving great successes in intensifying production processes and raising the output of the existing equipment. M. Voronova, a press operator of this association, was awarded the honorary title of USSR State Prize Laureate in 1981. So far in the five-year plan she has produced about 20 million high-grade bricks, her quota being 9 million units.

A total of 18,500 brigades and 45,000 workers of the ministry's enterprises decided to commemorate the 60th anniversary of the USSR's formation by completing the quotas of 2.5 years of the 11th Five-Year Plan, while many pledged to fulfill three or more personal annual quotas.

Special mention should be made of a movement that has taken on large proportions in the sector on the initiative of the collectives of a number of leading enterprises. Its objective is to intensify sponsorship of rural organizations and to create and develop enterprise subsidiary farms. For example workers of the Sokol Ceramic Drain Pipe Plant have already exceeded their plan by an equivalent of about 100 kilometers of pipe for land reclamation, and they have decided to produce the equivalent of another 53 kilometers this year. They are rendering considerable assistance to a sovkhoz under their sponsorship, which is reconstructing and repairing its production buildings, and they are expanding the pig fattening lot and building new hothouses at their own subsidiary farm.

The socialist competition for successful completion of the food program is growing increasingly broader among its initiators--the labor collectives of the "Kostromastroymaterialy," "Tulasantekhnika," "Voskresensktsement," and "Zapaduralnerud" production associations, the Zhigulevsk Order of Lenin Construction Materials Combine, the Taurage Ceramic Plant, the Lutsk Cardboard-Roofing Felt Plant and many others. The governing board of the ministry and the central committee of our trade union approved their patriotic initiative, which has already accumulated many, many followers.

But I am forced to note at the same time that there are still a number of enterprises failing their planned quotas due to a low level of production and labor organization. It was for this reason that the plan for some of the basic kinds of products was not completed in the first semiannual period.

The experience of the best collectives persuasively confirms that the industry possesses huge reserves, implementation of which will insure further growth of production and improvement of the results of business management. High organization, maximum utilization of existing and new output capacities and unswerving compliance with planning discipline are guarantees of our successful work and the most important prerequisites of fulfilling the program for 1982 and the five-year plan as a whole.

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